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Washington, D.C. – U.S. Rep. Brad Miller (NC-13) and more than two dozen Members of Congress sent a letter to Secretary of the Treasury Timothy Geithner today urging him to reevaluate the Homes Affordable Modification Program (HAMP) and consider implementing a new federal entity modeled on the Home Owners Loan Corporation (HOLC). HOLC was a New Deal agency established in 1933 under President Roosevelt to refinance homes to prevent foreclosure.

"The government's failure to take effective actions to manage the avalanche of home foreclosures is one of the great public policy failings of our time," the lawmakers write.

In part, the letter emphasizes that HAMP has fallen short of its expectations and is flawed because it is premised on the assumption that private loan servicers can or will modify loan terms in exchange for federal incentives.

The Members encourage the Treasury Secretary to establish a new federal entity, modeled on HOLC, but vested with specific tools and authorities to match the unique challenges of today's foreclosure crisis. The program could be implemented quickly and could be paid for with Troubled Asset Relief Program funding and operate with little or no long term cost to taxpayers. Congress could explicitly authorize the Treasury to purchase and modify distressed mortgage loans, but the treasury has the power to do it under several existing statutes.

The foreclosure crisis continues to decimate communities and drag down home values. A record 3.9 million foreclosure filings occurred in 2009 and the number will rise to 4.5 million filings this year. Experts say three million of those foreclosures this year will turn into repossessions.

"As bad as the foreclosure crisis has been, we haven't seen the worst of it yet. Unless we get a handle on foreclosures and the decline in home values, nothing else we do to fix the economy is going to work," Rep. Miller said.

To read the letter, click [here](#) .